

Entrepreneurs in conflict zones

- In conflict zones, businesses are widely seen as a positive force that promotes peace.
- Dr Jay Joseph at the American University of Beirut, Lebanon, and colleagues studied micro and small enterprises, identifying their often contradictory impact on a conflict zone.
- Their work provides policy guidance for aid organisations and offers a framework to guide research on entrepreneurship and peace.

‘Business for peace’ (B4P) is a field of study that examines the role of businesses in promoting peace. It espouses the idea that the economic activity generated by businesses helps to reduce poverty and promote peace, which is a concept adopted across the aid sector and the United Nations. In prior research, much of the focus on business-based peacebuilding examines the role of big business in conflict zones; however, this overlooks the potential role of micro and small enterprises.

Dr Jay Joseph at the American University of Beirut, Lebanon, and his colleagues developed a body of practical and theoretical work to study the neglected contribution that micro and small enterprises (MSEs) may make to peacebuilding. Dr Joseph reveals that what looks like a peacebuilding business may, on deeper examination, play a part in continuing conflict – citing that a ‘business for peace’ may be more difficult to identify than was previously imagined.

Peacebuilding from the ground up

To examine the role of MSEs in conflict zones, Dr Joseph and colleagues undertook a case study in north Lebanon during 2018. The area was affected by two violent, sectarian conflicts and by an acute refugee influx from the neighbouring Syrian Civil War. The refugees were straining the local economy and fuelling social tension. Dr Joseph interviewed 23 owners of carpentry MSEs that had been affected by these conflicts to see whether their business practises were contributing to peacebuilding.

The study, published in 2021, found that the profit-motive of business owners promoted peacebuilding behaviours, such as providing supportive job training, following the rule of law, and engaging in behaviours that advanced social cohesion. In general, the MSEs displayed a far greater community orientation and commitment to employees and

customers than multinational companies exhibited in their dealings on the ground. This confirmed the importance of the MSE sector, which is often overlooked in business for peace studies.

Significantly, the study also found that these peacebuilding benefits were only felt by Lebanese factions. Business owners cited that their activities led to greater cohesion among different Lebanese factions; however, at the same time, they were at odds with Syrian carpenters operating in the same region. The Lebanese carpenters felt that the Syrian operators were profiting unfairly by operating in a black economy, creating grievances that enhanced

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ethnic identification and intergroup bias, discrimination, and tension. In this case, Dr Joseph had found that business is not always for peace but can also play a role in advancing conflict and division.

Intergroup dynamics

This study both confirmed the relevance of MSEs to peacebuilding and discovered that their potential benefit can be eroded by intergroup differences. This means that a paradoxical scenario can develop where enterprises can foster peace via economic growth while simultaneously aggravating intergroup conflict, suggesting that peacebuilding is most effective when enterprises not only engage in economic development, but do so in a way that simultaneously advances intergroup relations.

Dr Joseph found that the informal marketplace, where MSEs usually operate in conflict zones, creates a space for

peacebuilding enterprise. But this is also a space where people can readily operate illegally, avoiding tax and regulation. In north Lebanon, the incoming, little-known refugee entrepreneurs found it easy to operate under the radar – particularly when it came to paying taxes and undercutting local businesses through cheaper labour prices. Dr Joseph noted that ‘the prevalence of the informal sector, in this case, was shown to cement the perceived intergroup differences, indicating that formalisation and legal observance may play a role in rectifying such issues.’

Dr Joseph’s north Lebanon case studies had moved the B4P discussion away from large corporations and beyond economic drivers, to MSEs and the role of intergroup dynamics.

Principles for peacebuilding

In a second study, published in 2022, Dr Joseph built a conceptual framework to illustrate these findings in a way that could be applied across different conflict zones. He set out to identify the variety of impacts that different entrepreneurial behaviours could have on local communities.



Aid organisations such as the International Rescue Committee support Syrian refugees and their businesses in Lebanon.

The researcher examined the literature across business and management, political science, and conflict studies. He found two tensions whose interplay shaped business practises in a potentially more nuanced way. The first is whether business practise creates economic value (principally measured in a conflict zone as poverty reduction) or destroys value (which increases poverty). The second tension is the extent to which an enterprise operates in an inclusive or exclusive manner; being inclusive fosters social cohesion, while being exclusive creates social division.

These practises combine to create four possible types of enterprise. The first two are polar opposites: peacebuilders and destroyers. Peacebuilders are defined as value-creating businesses that practise social inclusivity. They generate economic benefits through constructive intergroup activity. Wholly destructive enterprises are both value-destroying – causing poverty – and they also practise social exclusivity, exacerbating intergroup conflict. These contrasting types are widely recognised in the literature.

Between these extremes are two other types of business. There are those which generate an economic benefit, but in a way that exploits



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or increases division between groups – causing or cementing a conflict. Dr Joseph labelled these ‘poverty reduction’ enterprises. He also identified businesses which are socially inclusive, but they do so by engaging in an activity that damages the economy, such as organised crime – causing or using a conflict to their advantage. Dr Joseph labelled these ‘social cohesion’ enterprises.

This framework can help aid organisations identify genuine peacebuilding businesses and avoid supporting those that may provide some benefits, but only at the cost of wider conflict.

A wider understanding

In their 2023 paper, Dr Joseph and colleagues widen the scope of enquiry, including work from beyond business and management studies that address the role of entrepreneurs in peacebuilding. They found that papers tend to describe entrepreneurs from three different views: destructive, economic, and peacebuilding. One group of articles, mainly from the political sciences, emphasise the destructive side of entrepreneurship in conflict zones that undermines the idea of ‘business for peace’. In contrast, business and management studies tend to focus on the positive economic impact of enterprise that promote peace. The final view draws on papers from across disciplines which emphasises the contribution of business to social cohesion and how this may support peace.

Dr Joseph also highlights ways for entrepreneurship to promote peace, such as by inspiring employees, fostering social connections between estranged groups, and promoting law-abiding conduct. His contribution provides a distillation of the literature and guide to the field of entrepreneurship and peacebuilding as seen through the lens of Dr Joseph’s own understanding developed across five years of research.

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Personal response

What inspired you to conduct this research?

I was inspired to conduct this research because of my experience of living in and observing how war impacts everyday citizens in the MENA (Middle East and North Africa) region. In countries that have been impacted by conflict, citizens are often left to fend for themselves, with weak government structures failing to provide the infrastructure or support mechanisms to help citizens earn a living wage and support their families. Entrepreneurship is not only a mechanism to achieve this, but it also helps business actors to avoid being pulled into the influence and control of conflict groups that seek to sustain violence – as entrepreneurs can choose to operate independently and escape the power structures that perpetuate violence.

How can NGOs improve their support of entrepreneurs in conflict zones?

The UN and NGOs do a lot of work to support entrepreneurs in conflict zones. Much of this activity is positive, as humanitarian and development agencies provide cash assistance, training, and equipment – which strengthens the economic capabilities of entrepreneurs. However, what is often overlooked is the ‘nature’ of how these entrepreneurs go about their business. In some cases,

entrepreneurs can seek to advance their profit-making capabilities, but do it in a way which exploits workers, favours sectarian groups, engages in illegal/illicit practices, and undermines the rule of law – all of which can directly or indirectly sustain conflict. To support entrepreneurship in conflict zones that avoids these pitfalls and is instead peacebuilding, the UN and NGOs need to be more selective in who they support and/or help entrepreneurs develop capabilities that ensure that their practices don’t exacerbate conflict.

How do you plan to take your research forward?

There are two important steps that need to be taken for future research. First, although our work provides a conceptual framing for developing entrepreneurial support programmes that promote peace, it needs experimentation and application in practice. Second, further theoretical development is needed to not only understand the different entrepreneurial pathways (eg, destructive entrepreneurs – peacebuilders), but why and how such paths emerge. Better knowledge of this will help to inform the psychological and sociological processes that can support the rehabilitation of business actors that would otherwise detract from peacebuilding efforts.



Peacebuilding is most effective when it is done in a way that simultaneously advances intergroup relations.

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Bio

Dr Jay Joseph is an Assistant Professor at the American University of Beirut, where he leads the Business-in-Conflict Research Group. His research focuses on the role of business in peacebuilding. He also works with the United Nations and non-government organisations to optimise business-based livelihood programmes that are deployed in conflict-affected regions.

Funding

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Collaborators

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Further reading

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